

**THE RIVER MILE METROPOLITAN DISTRICT NO. 2
CITY AND COUNTY OF DENVER, COLORADO**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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Board of Directors
The River Mile Metropolitan District No 2
City and County of Denver, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The River Mile Metropolitan District No 2 (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The River Mile Metropolitan District No 2 as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP
Denver, Colorado

July 10, 2024

BASIC FINANCIAL STATEMENTS

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 40,010
Cash and Investments - Restricted	120,183
Receivable from County Treasurer	2,201
Property Tax Receivable	987,742
Total Assets	1,150,136
LIABILITIES	
Due to Other Districts	162,394
Total Liabilities	162,394
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	987,742
Total Deferred Inflows of Resources	987,742
NET POSITION	
Net Position - Unrestricted	-
Total Net Position	\$ -

See accompanying Notes to Basic Financial Statements.

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 898,534	\$ -	\$ -	\$ -	\$ (898,534)
Total Governmental Activities	\$ 898,534	\$ -	\$ -	\$ -	(898,534)
GENERAL REVENUES					
Property Taxes					848,636
Specific Ownership Taxes					30,680
Interest Income					19,218
Total General Revenues and Transfers					898,534
CHANGES IN NET POSITION					-
Net Position - Beginning of Year					-
NET POSITION - END OF YEAR					\$ -

See accompanying Notes to Basic Financial Statements.

**THE RIVER MILE METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 40,010	\$ -	\$ 40,010
Cash and Investments - Restricted	-	120,183	120,183
Receivable from County Treasurer	550	1,650	2,200
Property Tax Receivable	239,784	747,958	987,742
Total Assets	\$ 280,344	\$ 869,791	\$ 1,150,135
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Due to Other Districts	40,560	121,833	162,393
Total Liabilities	40,560	121,833	162,393
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	239,784	747,958	987,742
Total Deferred Inflows of Resources	239,784	747,958	987,742
FUND BALANCES			
Total Fund Balances	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 280,344	\$ 869,791	
Net Position of Governmental Activities			\$ -

See accompanying Notes to Basic Financial Statements.

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 212,159	\$ 636,477	\$ 848,636
Specific Ownership Taxes	7,670	23,010	30,680
Interest Income	5,398	13,820	19,218
Total Revenues	225,227	673,307	898,534
EXPENDITURES			
Current:			
County Treasurer's Fee	2,145	6,436	8,581
Intergovernmental Expenditures	223,082	666,871	889,953
Total Expenditures	225,227	673,307	898,534
NET CHANGE IN FUND BALANCES	-	-	-
Fund Balances - Beginning of Year	-	-	-
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

**THE RIVER MILE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 214,534	\$ 212,159	\$ (2,375)
Specific Ownership Taxes	10,727	7,670	(3,057)
Interest Income	-	5,398	5,398
Other Revenue	5,739	-	(5,739)
Total Revenues	<u>231,000</u>	<u>225,227</u>	<u>(5,773)</u>
EXPENDITURES			
Contingency	5,739	-	5,739
County Treasurer's Fee	2,145	2,145	-
Intergovernmental Expenditures	223,116	223,082	34
Total Expenditures	<u>231,000</u>	<u>225,227</u>	<u>5,773</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

The River Mile Metropolitan District No. 2 (District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized on February 14, 2019 by order and decree of the District Court for the City and County of Denver, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the City and County of Denver, Colorado.

The District was organized in conjunction with five other metropolitan districts, The River Mile Metropolitan District No. 1 (the Management District), The River Mile Metropolitan Districts Nos. 3-5 and The River Mile Platte Valley Metropolitan District (with the District, The Taxing Districts). The Management District was organized to finance, construct, own, manage, and operate District improvements, including streets, traffic and safety protection, water, limited sewer and storm drainage, transportation, mosquito control, and park and recreation improvements for the use and benefit of the inhabitants and taxpayers of the District. The Taxing Districts were organized to generate revenue to pay the costs of the Districts' improvements.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District has no employees, and all administrative functions are contracted.

The District is not financially accountable to any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 40,010
Cash and Investments - Restricted	120,183
Total Cash and Investments	\$ 160,193

Cash and investments as of December 31, 2023 consist of the following:

Deposits with Financial Institutions	\$ -
Investments	160,193
Total Cash and Investments	\$ 160,193

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the District had no cash deposits.

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 160,193
		<u>\$ 160,193</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

CSAFE CASH FUND operations are similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 DISTRICT AGREEMENTS

Facilities Funding, Construction and Operations Agreement

On May 21, 2019, the District entered into the Facilities Funding, Construction and Operations Agreement with The River Mile Metropolitan District No. 1 (District No. 1) and The River Mile Metropolitan District No. 3 (District No. 3) (the FFCOA). The FFCOA establishes District No. 1's responsibility, as the Management District, to coordinate the construction, design, financing and operation and maintenance of the public improvements that benefit the District, District No. 1 and District No. 3 (collectively, the Districts) and establishes the District and District No. 3's obligation, as the Taxing Districts, to pay for the services and benefit of the public improvements provided by District No. 1. Specifically, the Management District is responsible for providing all Administrative Services and Project Management Services (as such terms are defined in the FFCOA) for the Districts. The Taxing Districts agree to pay the Management District their respective Allocated Management Costs (as defined in the FFCOA) each year pursuant to the terms of an operations pledge agreement. The FFCOA also contemplates that from time to time one or both Taxing Districts may enter into a capital pledge agreement with District No. 1 obligating such Taxing District to pay project costs and/or bond requirements from pledged revenue.

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 DISTRICT AGREEMENTS (CONTINUED)

Capital Pledge Agreement

On May 31, 2019, the District entered into a Capital Pledge Agreement with The River Mile Metropolitan District No. 1 (District No. 1), The River Mile Metropolitan District No. 3 (District No. 3), and Compass Mortgage Corporation, as lender (the Pledge Agreement). The Pledge Agreement establishes the District and District No. 3's, obligation, as the Taxing Districts, to pledge certain revenues towards the repayment of the District No. 1's Loan Agreement with Compass Mortgage Corporation, dated May 31, 2019, and any Additional Revenue Obligations (as defined in the Pledge Agreement). The obligation of each Taxing District to pay its portion of the Financing Costs (as defined in the Pledge Agreement) constitutes a limited tax obligation of each Taxing District payable solely from and to the extent of the Property Tax Revenue and Specific Ownership Tax Revenues available to such Taxing District. The Property Tax Revenue is generally comprised of moneys derived from the imposition by each Taxing District of the Required Mill Levy in an amount to be determined by the District, but not in excess of 50 mills and under certain circumstances described in the Pledge Agreement with respect to District No. 1, not less than 30 mills with respect to the District and equal to 50 mills with respect to District No. 3. The Required Mill Levy is subject to adjustment in the event the method of calculating assessed valuation is or was changed after August 13, 2018. The Specific Ownership Tax Revenues generally consist of the specific ownership taxes remitted to each of the Taxing Districts as a result of its the imposition of the Required Mill Levy.

NOTE 5 NET POSITION

The District has net position consisting of one component – unrestricted.

NOTE 6 RELATED PARTY

All of the members of the Board of Directors of the District (Board) are employees, owners or are otherwise associated with KSE Elitch Gardens / Revesco / Second City, LLLP (Developer) and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts of interest, if any, have been disclosed by the Board.

Environmental Release and Indemnity Agreement

On July 30, 2020, the Developer, the District, The River Mile Platte Valley Metropolitan District, and The River Mile Metropolitan District Nos. 1, 3-5 (collectively, the Special Districts) entered into the Environmental Release and Indemnity Agreement (Developer Release Agreement). The Developer, as owner of certain property within the boundaries of the Special Districts (the Property), agreed to perform environmental remediation of the Property which would result in a reduction of costs and risk of construction for the Special Districts. Pursuant to the Developer Release Agreement, the Developer and the Special Districts agreed to a mutual release and covenant not to sue each other for any Claims (as defined therein) which have resulted or may result from, or which arise out of or are associated with any Waste Materials (as defined therein) in, on, under, above, or emanating to or from the Property, subject to certain exclusions and limitations therein. Further, the Developer agreed to indemnify and defend each of the Special Districts from any and all Claims related to Waste Material pursuant to the terms and limitations set forth therein.

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 RELATED PARTY (CONTINUED)

Mutual Release and Covenant Not to Sue Agreement

On July 30, 2020, Public Service Company of Colorado (PSCo) and the Special Districts (defined above) entered into the Mutual Release and Covenant Not to Sue Agreement (Release Agreement). PSCo has owned or operated a manufactured gas plant located on the Property (defined above), as owned by the Developer, and agreed to pay to the Developer a share of the remediation costs for the Property, in accordance with the terms and conditions of a separate agreement. Pursuant to the Release Agreement, PSCo and the Special Districts agreed to a mutual release and covenant not to sue each other for any Claims (as defined therein) which have resulted or may result from, or which arise out of or are associated with any Waste Materials (as defined therein) in, on, under, above, or emanating to or from the Property, subject to certain exclusions and limitations therein.

Infrastructure Master Plan Development Agreement

On December 13, 2021, an Infrastructure Master Plan Development Agreement (IMP Development Agreement) entered into by the Developer, the City and County of Denver (City), and the Special Districts (defined above) was recorded with the City's Office of the Clerk and Recorder. The IMP Development Agreement is intended to serve as the guiding document of needed infrastructure to serve the development of the Property (as defined above), together with other documents relating to the development of the Property. The IMP Development Agreement, among other things, sets forth certain respective responsibilities of the Special Districts, the City, and the Developer relating to the development of the Property, the operation and maintenance of certain public improvements, and public transportation infrastructure. The responsibilities of the Special Districts therein contemplated include, without limitation, the operation and maintenance of certain public improvements, the operation of the Loop Shuttle (defined therein), the completion of the River Improvements (defined therein), and ownership and maintenance of the Plazas (defined therein). All obligations of the Special Districts under and pursuant to the IMP Development Agreement are subject to the prior appropriations of monies expressly made by the respective Board of Directors of the Special Districts for the purposes of the IMP Development Agreement.

NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for general and automobile liability, public officials, auto physical damage and worker's compensation coverage. In the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds, which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 6, 2018, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District and District No. 3 transfer their net operating revenue to District No. 1 pursuant to the FFCOA. Therefore, the Emergency Reserves related to the District's revenues will be captured in the financial statements of District No. 1.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**THE RIVER MILE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 643,603	\$ 636,477	\$ (7,126)
Specific Ownership Taxes	32,180	23,010	(9,170)
Interest Income	-	13,820	13,820
Other Revenue	6,217	-	(6,217)
Total Revenues	<u>682,000</u>	<u>673,307</u>	<u>(8,693)</u>
EXPENDITURES			
County Treasurer's Fee	6,436	6,436	-
Intergovernmental Expenditures	669,347	666,871	2,476
Contingency	6,217	-	6,217
Total Expenditures	<u>682,000</u>	<u>673,307</u>	<u>8,693</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE RIVER MILE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Total	Levied	Collected	
2020	\$ 5,208,950	0.0%	10.000	30.000	40.000	\$ 208,359	\$ 208,358	100.00 %
2021	9,135,690	75.4%	10.000	30.000	40.000	365,428	365,428	100.00 %
2022	13,779,650	50.8%	10.000	30.000	40.000	551,187	551,085	99.98 %
2023	21,453,430	55.7%	10.000	30.000	40.000	858,137	848,636	98.89 %
Estimated for Year Ending December 31, 2024	\$ 23,978,380	11.8%	10.000	31.193	41.193	\$ 987,742		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: City and County of Denver Assessor and Treasurer.